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## Federal Tax Reform May Be Saving Money for States, Even High-Tax Ones.

**The part of the 2017 law that high-tax states are battling in court is likely helping them lower their debt — at least in the short-term.**

Many states that lobbied against federal tax reform's limit on a certain tax deduction are now benefiting from a potential effect of that 2017 policy change.

Tax reform capped the state and local taxes (SALT) that filers can deduct from their federally declared income at \$10,000. High-tax states like California, New Jersey and New York have sued to block that change because their state and local taxes can be twice that amount for residents.

But as more people turn to municipal bonds, seemingly as a way to lower their federal tax burden, the result is lower borrowing rates for state governments, which saves money for them.

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BY LIZ FARMER | APRIL 12, 2019 AT 4:00 AM

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